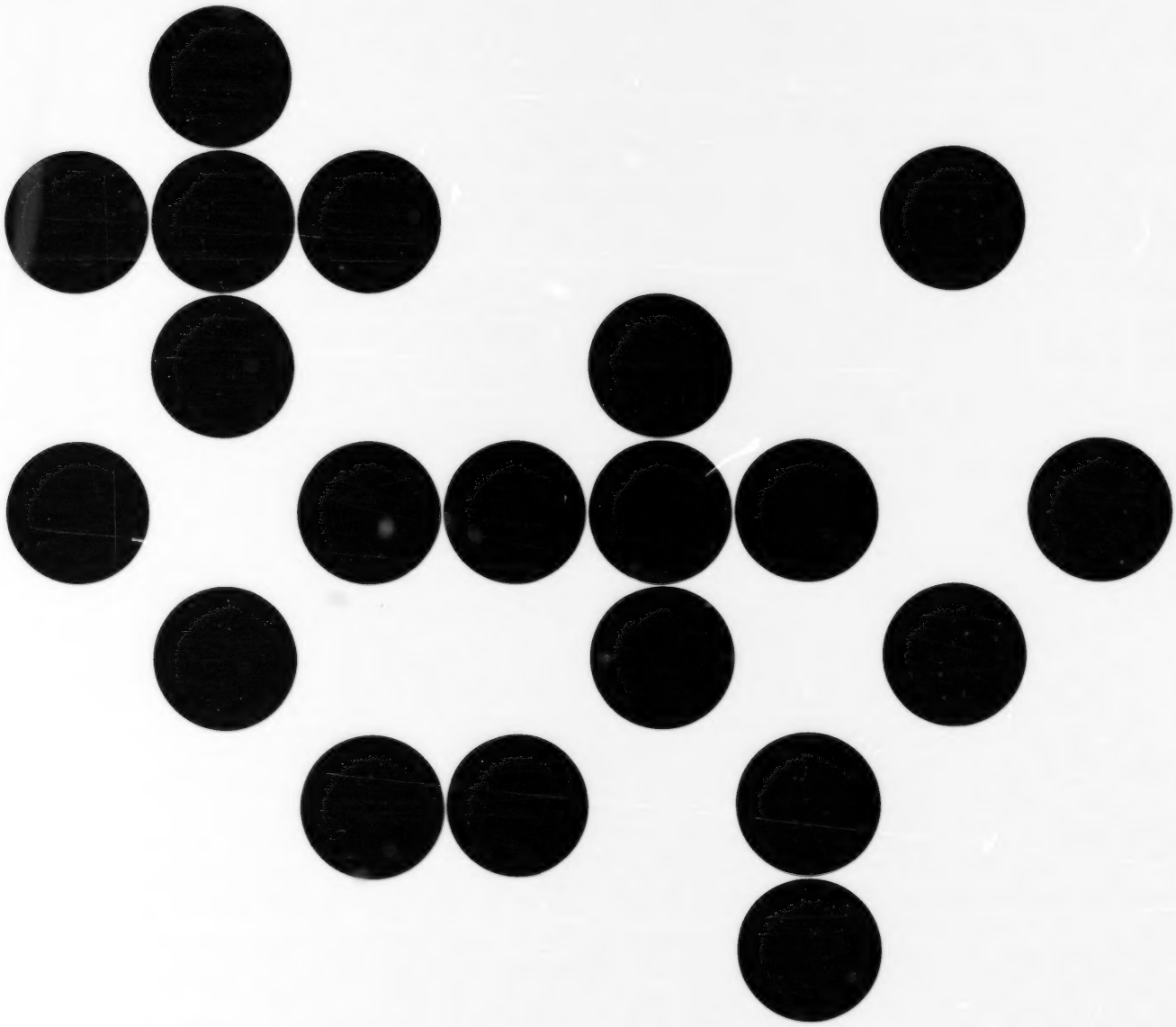
Health and Welfare Canada
Santé et Bien-être social Canada

National Strategy on Child Care



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Canada

NATIONAL STRATEGY ON CHILD CARE

Child care is a priority issue for Canadians. The requirement for a new partnership to assist Canadian families reflects our changing society and the economic contribution of women.

Child care is a complex issue. It requires that governments carefully balance the values and needs of Canadian children and their parents.

Child care is both a challenge and an opportunity. Decisions taken today respecting the care of our children and new opportunities for women will have a major bearing on Canada's social and economic future.

The federal government is committed to strengthening Canadian families as the foundation of our society and to creating the potential for Canadians to fulfill their aspirations. It is to these goals that the federal government, in partnership with parents, caregivers, and provincial governments, commits itself.

I. PRINCIPLES OF THE STRATEGY

The National Strategy on Child Care is based on four principles which have guided its development and design, and which will guide the implementation of the new policy:

1. Major improvements and new resources are required to enhance and sustain quality child care in Canada;

2. The economic equality of Canadian women must be promoted;

3. An effective partnership must exist between participants in the child care system -- parents and the federal, provincial and territorial governments; and

4. Parental choice is paramount and must be reflected in a policy which ensures that benefits are shared among a variety of family types with young children.

II. INTRODUCTION TO THE NATIONAL STRATEGY

To implement improvements to child care in Canada, the National Strategy provides a balanced mix of federal measures and a new federal-provincial program. Together, these initiatives are designed to address the basic issues of availability, affordability, quality and fairness in the child care system.

The federal measures will provide increased assistance to many parents through the tax system and support expanded research and development in the field of child care.

The new federal-provincial cost-sharing partnership is designed to create and sustain quality child care spaces. The objective of this program is the creation of 200 000 new, quality child care spaces in Canada.

The federal commitment to the Strategy is substantial. Financial resources totalling $5.4 billion will be committed over a seven-year development period starting in 1988.

Of that total amount, up to $3 billion of federal resources will be committed to the new federal-provincial cost-sharing program. Another $100 million will be used to establish a Child Care Special Initiatives Fund, for innovative research and development. The remaining $2.3 billion of the federal financial commitment will provide enhanced tax assistance to families with young children.

At the end of the seven-year development period, the federal government's continuing commitment to the National Strategy will be approximately $1 billion annually.

III. COMPONENTS OF STRATEGY

1. Tax Assistance to Families with Young Children

It is the right and the responsibility of Canadian parents to choose how they want to raise their children. Therefore, the first component of the federal Strategy -- direct tax assistance to parents -- has been designed to recognize parental choice. The Strategy provides two kinds of new tax assistance to parents with children six years of age and under.

Parents with young children who have receipted child care expenses can take advantage of an increased income tax deduction. Many low and middle income parents who care for a young child at home or use unreceipted child care arrangements may be eligible for a new supplement to the refundable Child Tax Credit.

These tax measures will benefit approximately 1.3 million families, or about 75 percent of families with young children.

a. Child Care Expense Deduction

In recognition of the higher costs of child care associated with young children, the government will enrich the deduction for child care expenses.

The maximum deduction for receipted child care expenses will increase to $4,000 from $2,000 for a child aged 6 and under, or a child with special needs, as defined by the proposed disability credit under the Income Tax Act.

The maximum deduction for school-aged children aged 7 to 14 will remain at the current level of $2,000.

The current limit of $8,000 on allowable deductions per family will be removed so that the costs borne by larger families are treated fairly.

b. Child Tax Credit Increase

For lower and middle income parents who care for their children at home or who may have non-receipted child care expenses, the refundable Child Tax Credit will be increased by $200 a year for a child 6 years of age and under. This represents a 40 percent increase in the value of the refundable Child Tax Credit.

This substantial increase will be phased in over the 1988 and 1989 tax years, with a $100 rise in each year. The increase will be prepaid in November 1988 to the lowest income families.

2. Child Care Special Initiatives Fund

The second major federal initiative is a $100 million Fund for innovative research and development projects, and public awareness programs. Over the seven-year development period the Child Care Special Initiatives Fund will provide an essential vehicle for encouraging the development of approaches and services that improve the quality of child care in Canada.

The Fund is designed to work in a flexible manner so as to encourage innovative responses to problems related to child care across Canada.

Programs under the Fund will be used to address child care problems related to shift-work, part-time employment and entry or re-entry into the labour force.

The Fund will be used in cooperation with Native groups to develop effective services for Native children which respect their culture and priorities.

Priority will also be given to projects focussing on the development of services and "headstart" programs for children with special needs.

Particular attention will be given to encouraging the development of non-profit community-based child care services, including parent resource centres.

The Special Initiatives Fund will commence in April 1988 and will be administered within the Department of National Health and Welfare. The program will work in conjunction with the existing National Day Care Information Centre, which will continue to provide consultation and information services for child care.

3. Federal-Provincial Program

The delivery and operation of child care services in Canada is the responsibility of the provinces. Therefore, the National Strategy on Child Care contains a fundamental federal commitment to work cooperatively with the provinces in the development and maintenance of quality child care spaces across Canada.

The financial commitment for the program will be $3 billion over the next seven years, beginning in fiscal year 1988-89.

A new Canada Child Care Act will replace the existing "day care" provisions in the Canada Assistance Plan. This will establish a new legislative framework for treating child care as a basic social and economic priority.

The emphasis of the new Act will be on boosting the existing system from its current underdeveloped state into one that offers more accessible and affordable quality child care arrangements to Canadian families. The new Act will be introduced as soon as negotiations with the provinces are completed.

The objective of the program is to increase the number of quality child care spaces in Canada by 200 000 and to maintain the system at the expanded level. This commitment recognizes that there are too few licensed child care spaces available to Canadian families. This dramatic increase in the availability of spaces will provide families with real choices in accessing licensed care arrangements.

Through this newly expanded partnership with the provinces, a Canada Child Care Act will focus on:

* providing greater flexibility for the provinces in accommodating both non-profit and commercial child care services;

* providing new capital funding over the seven-year development period to create more non-profit child care spaces; and

* working cooperatively with the provinces in determining standards of quality for child care.

a. Commercial and Non-Profit Services

The federal government recognizes the important role played by the private sector in a number of provinces and will provide the flexibility to increase child care spaces in the non-profit as well as the commercial sector. Commercial child care facilities in Canada now provide 40 percent of existing licensed spaces.

b. Capital and Operating Expenses

A Canada Child Care Act will provide expanded federal cost-sharing for provincial operating expenses of child care facilities.

In order to facilitate development of the non-profit sector, capital funding will be provided over the seven-year development period on an enriched 75:25 basis for non-profit spaces only.

c. Quality and Standards

While acknowledging that child care services lie within provincial jurisdiction, the federal government recognizes its responsibility to work with the provinces to ensure the development and implementation of the necessary standards for quality in a jointly funded child care system.

In negotiations, areas of standards to be discussed could include child:staff ratios, staff qualifications and health and safety.

IV. RESULTS

The National Strategy on Child Care is a balanced package of federal tax assistance for families and a new federal-provincial cost-sharing partnership to support child care facilities.

The National Strategy will:

1. dramatically increase the number of quality child care spaces for children in Canada;

2. establish an effective partnership with the provinces for the support and maintenance of a quality child care system; and

3. assist parents with the costs of providing or purchasing child care in their preferred arrangements.

The National Strategy on Child Care is a progressive, responsible step forward on behalf of Canadian families.

December 3, 1987